



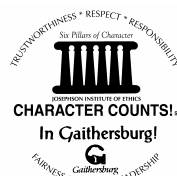
Gaithersburg

A CHARACTER COUNTS! CITY

City of Gaithersburg, Maryland
ADOPTED BUDGET
FOR FISCAL YEAR 2005

A FINANCIAL PLAN AND
PROGRAM OF MUNICIPAL SERVICE

July 1, 2004 to June 30, 2005



July 1, 2004

The Honorable Mayor and City Council
Citizens of Gaithersburg

I am pleased to present the adopted City Budget for Fiscal Year 2005. This budget reflects our continual effort to refine and prioritize our activities as directed by the Strategic Plan, and the need to deliver the highest quality services to our residents. The Mayor and City Council revisit the plan annually and allocate the resources necessary to implement the majority of our Strategic Directions. In this way, we are able to prioritize the activities funded by the budget.

This budget continues our policy of maintaining a constant tax rate and our “pay as you go” philosophy relative to our City’s finances. For the 40th consecutive year, the City’s budget is funded without a tax rate increase. We have maintained the real property tax rate at \$.212 per \$100 of assessed value. Additionally, the ad valorem tax on tangible personal property remained at the rate of \$.53 per \$100 of assessed value. This budget allows us to keep an acceptable level of reserves and maintain a consistent tax rate, while still providing a high level of core services and adding major Capital Improvement Projects over time.

OVERVIEW

Improved revenue performance in several major categories, a substantial increase in our undesignated fund balance, and the availability of grants to offset hiring of public safety employees, allowed us to implement increases in the personnel component of the Operating Budget that have been deferred for the past several years. Even with these new positions, the proportion of personnel expenditures with the total Operating Budget has remained relatively flat. The Mayor & Council’s emphasis on public safety, and the need to maintain and staff additional public facilities required the addition of new personnel, which accounts for the majority of new budget items. Sustainability of the budget continues to be a major aspect of our budget strategy as the City grows and matures.

The total adopted City Budget, including Operating and Capital components, is \$34,693,570. The City Operating Budget grew by \$1,636,888 and is \$29,503,015, a 5.9 percent increase over the previous year. This increase reflects the normal growth of expenses associated with City personnel and the provision of City services, as well as the new initiatives prioritized by the Mayor and Council and more fully described herein.

The City's Capital Improvements Plan (CIP) grew by \$1,352,817 to \$5,190,555, a 35.3 percent increase. This is the first proposed increase in the CIP in three years. While such a large increase invites comment, it is important to note that the FY 2004 CIP was funded at its lowest level in seven years. In FY 2004, we were able to re-allocate several million dollars from within the CIP to current projects, alleviating the need to fund at a higher level. We feel the FY 2005 CIP is funded at a reasonable level, given the City's strong short-term revenue picture and level of reserves.

Reappropriation of excess revenue and unexpended operating funds, and use of escrowed funds, which assists in the funding of the FY 2005 Budget, is \$2,742,422. This budget calls for \$243,137 less in reappropriation when compared to the FY 2004 Budget. Approximately \$470,500 of monies escrowed from developers, which is included in the reappropriation amount, is being used to fund various Capital Improvement Projects, as compared to \$187,000 in FY 2004.

Several positive factors combined in FY 2003 to increase our undesignated fund balance (from year-end FY 2002) by \$4,885,554 to \$16,271,512. Recovery of \$3.5 million of state funds that had been delayed for several years was the largest of these. The City also experienced higher than expected revenues in several categories and all City operating departments finished the year below their respective budgets. Though use of the undesignated fund balance is actually projected to be less in FY 2005 than in the previous year, the availability of these funds was an important aspect of our decision to increase the budget at this time. An appropriate level of undesignated funds will be the topic of further discussion this fall.

REVENUES

We have projected an 11.3 percent increase in total City revenues for FY 2005. This continues last year's trend, which saw a 4.7 percent increase. Real property taxes, our single largest revenue item, is projected to increase by 11.5 percent. This is attributable to continued strong growth in the real property assessable base from both higher assessment of existing properties and the addition of new homes and commercial buildings. We also expect material revenue gains in corporate personal property taxes, rental housing license fees, and income taxes. Revenue categories that we project to decrease in FY 2005 include interest earnings, summer camp program registration fees, and several license and permit fee categories.

Net proceeds from the sale of fixed assets expected as income in FY 2004, notably the property at 18 East Diamond Avenue, will instead be received in FY 2005. Staff continues to evaluate the sale of City properties that may be determined to be surplus, not central to the City's core mission or programs, or for which disposition would support an existing Strategic Direction. Any asset considered for sale would follow the processes outlined in the appropriate regulating ordinances.

We continue to monitor the fiscal conditions of the State of Maryland and Montgomery County as they have tremendous influence on several major City revenue sources. After experiencing reductions in items such as Highway User Fee and Program Open Space allocations, we are participating in additional legislative initiatives and outreach activities. Our goal is to secure an equitable share of inter-government revenues from year to year.

Our Grants Administration staff continues to identify and secure additional revenue for City projects and to administer our Community Development Block Grant (CDBG) funding. In FY 2005, the City will apply for new grant funds to support many of our Strategic Directions, while continuing to apply for grants to retain existing programs (such as our homeless grant for Wells/Robertson House and the Ed Bohrer Parent Resource Center), and on-going partnerships with local schools through the STARS and Even Start Family Literacy programs.

If awarded, FY 2005 grants to the City will include a \$50,000 grant from the Maryland Historic Preservation Grant program for the restoration of the three railroad cars on display in Olde Towne; \$30,000 to support our proposed interpretive Observatory Park, and grants to support on-going police initiatives through the Governor's Office of Crime Control and Prevention, which has been a reliable source of funding for innovative projects, including the K-9 Grant, in-car video cameras and in-car mobile computers.

Other grants that the City hopes to receive in FY 2005 include a grant from the U.S. Soccer Foundation for a Youth Soccer program, grant funds from Target for an Arts Program in partnership with several elementary schools in Gaithersburg, an early reading program at Gaithersburg Elementary School, as well as a Family Violence Prevention program in partnership with several Gaithersburg middle and high schools.

OPERATING BUDGET

The Operating Budget funds virtually all City activities other than the Capital Improvements Plan. This includes funds to compensate employees fairly, provide materials and supplies to operate all departments, purchase vehicles and equipment, and provide for contingencies and unexpected expenditures.

By far, the largest expense category is personnel and numerous requests for new staff were submitted by the various City departments. Only those personnel requests relating to the highest priority activities (with an emphasis on public safety) were eventually approved. New and deleted positions are described below. One position, a Planning Technician, was upgraded from part-time to employment agreement mid-year in FY 2004.

Proposed Personnel

Just over 67 percent of the FY 2005 Operating Budget is dedicated to personnel services. This is consistent with past years and this figure includes all new positions. We have added six additional positions this year, including four police officers. The expense of the police positions

will be partially offset by a Universal Hiring Program grant through the “COPS” office of the federal Department of Justice. We will also hire an Equipment Operator in the Department of Public Works and a Recreation Assistant. The Recreation Assistant position will be needed as we open the new Youth Center at Robertson Park. These additional positions will provide direct services to our residents in support of important Strategic Directions.

We have also determined that several positions that have been operating under employment agreements should appropriately be upgraded to full time status. These include an Administrative Liaison in the City Manager’s Office, a Secretary in the Human Services Division, an Information Systems Technician in the Information Technology Department, and a Work Force Supervisor in the Department of Public Works & Engineering. The position of Assistant to the Director of Public Works, which is currently vacant, has been deleted.

Major Initiatives

As discussed previously, four new positions have been adopted within the **Police Department**. Recruiting of these new officers will begin this summer. Expenses relating to vehicles, equipment and uniforms are also reflected in this budget and account for most of the operating budget increase. The new officers will allow us to form a second “Street Crimes Unit” to build on the success of the current unit’s proactive enforcement strategies.

The **Public Works, Parks Maintenance and Engineering Department** budgets were increased to address the need to maintain the new Lakelands Park facility, to coordinate the many capital construction projects currently underway, and to reduce overtime expenditures related to snow removal.

Planning and Code Administration staff continues to work on the Master Plan Elements and the remaining Special Study Areas. Significant staff time will also be allocated for plan review and inspections associated with Hidden Creek Land Bay III.

The **Parks, Recreation and Culture** budget reflects operational and organizational changes made in preparation for the opening of both Lakelands Park and the Youth Center at Robertson Park. Department programs and activities undergo continuous evaluation in response to rising operating costs and the desire to increase revenue offsets.

FY 2005 is the first year that the **Office of Environmental Affairs** has its own budget (1134). This activity has taken on increased importance in recent years and staff has several major projects underway, including activities to meet the requirements of the National Pollutant Discharge Elimination System (NPDES), and the City’s LEED and Green Building initiatives. A distinct activity budget allows easier tracking of grant funding being applied to this function.

The **Information Technology Department** has numerous projects scheduled for FY 2005 in support of projects in various City Departments. These include crime analysis software and hardware, email spam control, permitting and plan review access improvements.

CAPITAL IMPROVEMENT PROJECTS

This year's budget continues funding for a number of important Capital Improvements Plan projects and increased funding for several new initiatives. Extension of the CIP through FY 2009 is presented for each activity in the budget (FY 2006 to FY 2009 figures are estimates used for planning purposes).

Lakelands Park – This major addition to our parks inventory will be completed and operational this year. While the bulk of the project budget is funded in FY 2004, current funding will be used for equipment and furnishings (soccer goals, trash receptacles, benches, etc.) needed to commence operations.

Street Resurfacing – Maintenance of City infrastructure is a major aspect of GASB 34, which is now fully in force. Our inventory of streets represents the largest aspect of this effort. Advancing age and the damage that can be incurred by snow removal efforts continue to take a heavy toll. We are funding \$1,250,000 in this CIP in FY 2005 to resurface streets identified in our ongoing evaluation program.

Street Reconstruction – We have begun to notice more extensive damage stemming from heavy traffic (including bus and construction vehicles) on some of our older streets. We expect that portions of Odend'hal Avenue will require full reconstruction work in FY 2005, with several others over the next few years. This CIP is funded at \$250,000 in this budget.

Gaithersburg Youth Center – The schedule for this project was accelerated by one year in order to take advantage of funding opportunities at the state and federal levels. Final planning and design of the facility were moved forward to FY 2004, with construction expected to be completed in FY 2005. Total cost of the project is expected to be approximately \$2.4 million.

Lakelands Recreation Center – The FY 2005 CIP allocates \$1,167,994 in federal, State of Maryland, and City funding to this project, to be located at Route 28 and Edison Park Drive. This contribution brings the FY 2005 opening fund balance relating to this project to almost \$4.3 million. All Maryland Program Open Space allocations received by the City in the next few years are also expected to be allocated to this project. We expect to spend approximately \$100,000 this year on a concept/schematic design study of the project.

Sidewalks, Handicapped Ramps & Bike Pathways – This account received \$201,750 in funding in FY 2005 to overlay paths in Bohrer, Green and Walder Parks, pave a gravel trail in Kentlands, and to reconstruct the path and retaining wall between West Riding and Solitaire Court.

CDBG Projects – In FY 2005, \$356,850 in “direct entitlement” funding is made available for capital projects. The contract that we will be proposing to HUD includes \$160,000 in assistance for the construction of the Gaithersburg Youth Center at Robertson Park. Additional funding is proposed to renovate the City-owned building currently housing the GUIDE program.

Stormwater Management – This activity continues to require major capital funding. In FY 2005 approximately \$700,000 is dedicated to projects including construction of a water quality facility at Public Works, participation in a study of the Great Seneca Creek and Muddy Branch watersheds with the U.S. Army Corps of Engineers, several culvert repairs, and retrofit of one HOA stormwater management facility.

Facilities Projects – Several City facilities will need repairs or upgrades during FY 2005. The Public Works facility is scheduled to receive a new roof and shop doors, the roof at the Water Park facility will also be replaced, and the Parking Garage is scheduled for security upgrades.

Other Projects of Interest – Some other projects of interest in the FY 2005 Capital Improvements Plan include \$100,000 for Landscape Improvements, \$80,000 for Street Lighting, \$129,400 for the Latitude Observatory project, and \$152,000 in City and state funds for Traffic Calming and Signalization.

CONCLUSION

Strategic Directions relating to public safety, maintenance of infrastructure, and programs that contribute to our quality of life received the highest funding priorities in the development of the FY 2005 Budget. This budget applies revenue growth and excess fund balances to these areas, compensates employees fairly in order to minimize costly turnover, and provides adequate funding to our Capital Improvements Plan.

Finally, I would like to express my appreciation to those citizens who participated in the Budget Public Forum, all of the staff who assisted in the preparation of this budget, to the Mayor and City Council, and to the community as we continue to make Gaithersburg a great place to live, work, learn, and play. We all work together to prepare for the future, while addressing current needs and maintaining the City’s strong financial position.

Sincerely,

David B. Humpton
City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Gaithersburg
Maryland**

For the Fiscal Year Beginning

July 1, 2003

President

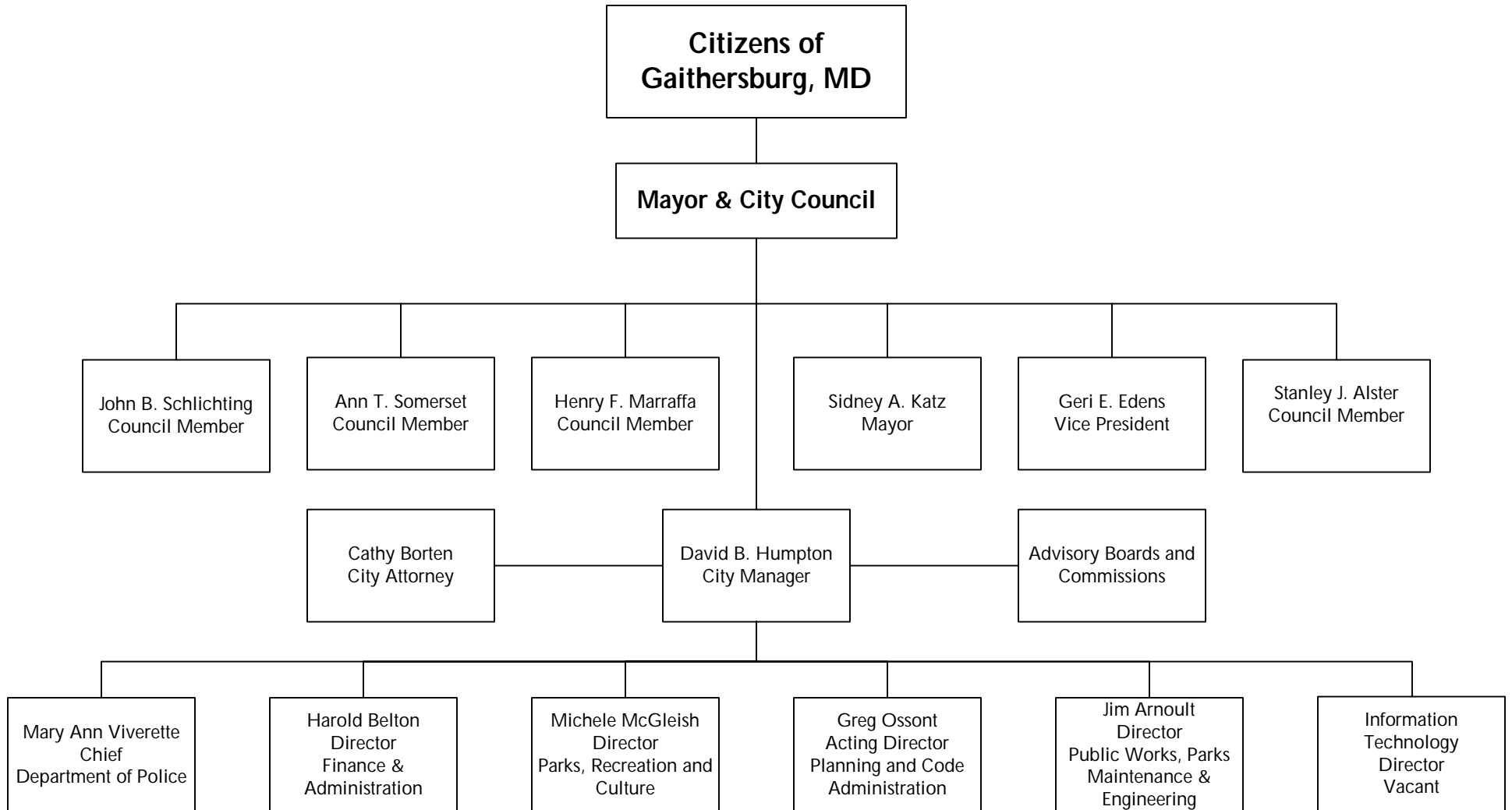
Executive Director

The Government Finance Officer Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Gaithersburg for its annual budget for the fiscal year beginning July 1, 2003.

In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

CITY OF GAITHERSBURG, MARYLAND



Mission

The Gaithersburg City government exists to provide quality, cost effective, priority community services for its citizens. We are a CHARACTER COUNTS! City that serves as a catalyst for the involvement of residents, businesses, and organizations to ensure that Gaithersburg is a great place to live, work, learn, and play.

Vision

Gaithersburg will set the standard for other cities as a “special” place where people want to live, work, learn, and play. Gaithersburg will be a City that:

- Lives by the Six Pillars of CHARACTER COUNTS! (trustworthiness, respect, responsibility, fairness, caring and citizenship).
- Has retained the best qualities of a small town and respects its heritage while embracing the opportunities that new technologies provide.
- Has involved and supportive citizens and businesses reflecting the diversity of the community.
- Has a fiscally conservative, proactive government.
- Has safe, highly livable neighborhoods with a variety of housing types and styles served by diverse transportation options.
- Has a desirable business environment and diverse employment options.
- Has excellent learning opportunities that meet the needs of the community.
- Has attractive and beautifully maintained parks and public places.
- Has many leisure time activities that meet the needs of the community.
- Has a high quality, family-friendly environment for people of all ages and cultures.
- Has citizens with a strong sense of community and individual responsibility.
- Has a natural environment that is protected, respected, and enhanced.
- Has strong partnerships to meet the needs of the community.
- Has a community that encourages individual health and wellness.

The City of Gaithersburg's Strategic Directions establish an overall approach to achieving the City's vision.

- Ensure that all planning and development considers and responds to the City's environmental, transportation, economic, social, and civic needs.
- Implement traffic and transportation management strategies to improve the safety, structure and function of streets, transit, bikeways and sidewalks within the City.
- Actively pursue Olde Towne Blueprint.
- Maintain and enhance priority City services.
- Pursue programs that preserve and improve current and future housing stock and mix (e.g., aging apartments).
- Maintain support of neighborhood Community Policing programs.
- Implement programs to enhance delivery of services that address the needs of the City's culturally diverse populations.
- Implement the Master Plan for parks, recreation, cultural and leisure time activities.
- Implement recommendations from ongoing evaluations of natural resources and encourage protection and enhancement of the environment (streams, parks, stormwater management, and other CIP projects).
- Actively pursue economic development programs and strategies.
- Continue communication activities and implement programs that promote citizen involvement.

We are guided by the **Six Pillars of CHARACTER COUNTS!** as demonstrated by:

CUSTOMER FOCUS

We actively pursue the identification of citizen needs through citizen involvement to provide effective service to our community with efficiency, accountability, and a **CARING** attitude.

OPEN COMMUNICATION

We promote honest, open communication and easy access to information.

CREATIVITY

We strive to improve the quality and efficiency of City services through creative approaches and new, innovative, and cost effective technologies.

FISCAL RESPONSIBILITY

We provide quality services, of the best value, to effectively meet the needs of our community while maintaining a pay-as-you-go philosophy.

COOPERATION

We promote a spirit of **FAIRNESS, TRUSTWORTHINESS, RESPECT** and teamwork among our elected officials, City employees, residential and business communities, neighboring jurisdictions, and other governmental agencies.

COMMITMENT OF EXCELLENCE

We strive to achieve excellence in all we do.

CONTINUOUS IMPROVEMENT

We advocate good **CITIZENSHIP** and support the freedom to actively pursue suggestions, ideas, and creative approaches, leading to continuous improvement in everything we do.